

Illustrations complementary to the financial statements
collected in Dec 31, 2000

1. Establishing and company's activity

The Holding company of Financial Investments (L.K.H. Group) "Egyptian corporation " was founded in November 29, 1998 according to law provisions number 95 /1992 and its executive rule by the aim of participating in establishing companies, which issue securities or increasing its capitals.

The company can be involved or have an interest in any way with companies that have work similar to its works or cooperate to achieve the purpose in Egypt or abroad.

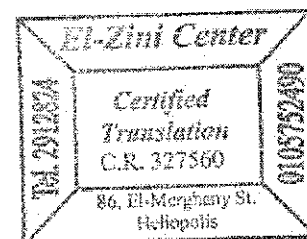
And allowed to merge in the above companies, buy or assigned by, in accordance with the provisions of the law and its executive rules.

According to the financial lists in Dec 31,2000, the holding company of Financial Investments (L.K.H. Group) " Egyptian corporation " - the parent company- owns the following affiliates :

| | Shares |
|--|--------|
| Trading Medical system Egypt Company (S.A.E) | 97.60% |
| Medikeep for Trading and Contracting Company (S.A.E) | 97.80% |
| Amitrade company for Trading and Contracting (S.A.E) | 97.02% |
| Industrial investment Company (S.A.E) | 97.98% |
| Company of Arab Factory for Iron (S.A.E) | 97.92% |
| Consumer industries Company (S.A.E) | 97.95% |
| QUIST consult commercial company (S.A.E) | 97.46% |
| Company of medical centers' management (S.A.E) | 97.98% |

2. Significant accounting policies followed

The most significant accounting policies followed in preparing the financial statements collected as follows :



1/2 Foreign currency translation

The accounts of companies affiliated with Egyptian pound is proving foreign currency transactions in accordance with the rates of exchange at that date and include differentials re-evaluation list income.

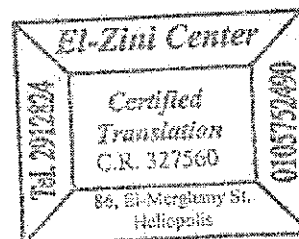
2/2 The preparation of the financial foundations

Preparation of the lists of the affiliates in accordance with Egyptian Accounting Standards. The lists include the financial holding company's assets and commitments to a number of eight subsidiaries on Dec 31, 2000 In addition to sales and cost of sales and operating expenses for the period from January 1, 2000 till Dec 31, 2000.

2/3 Principles of preparing accumulated fiscal lists

Accumulated fiscal lists Includes all companies affiliated to the Holding Company, and includes accumulating principles as follows:

- Excluding all balances and internal transactions between group companies.
- The rights of the minority shareholders in companies rights of other shareholders in dependent companies and appear as a dependent item on the accumulated lists and calculated from net assets and operating results of the affiliates that are not owned by the holding company directly or indirectly .
- The cost of the acquisition was identified affiliates as follows :
 - a. The fair value of assets and liabilities at the date of acquisition of the holding company for affiliates.
 - b. Been proving increase in the acquisition cost of the share holding company in the fair value of assets and obligations at the date of acquisition as positive reputation. During 2000 was to change the policy of positive reputation consumption by reducing consumption from 20 years to 10 years starting from January 1, 1999. Change of influence has been happened in the policy of positive reputation on the item of carried forward profit concerning 1999 for all affiliates and year consumption effect including income list for 2000 except for reputation concerns company of Arab factory for iron (ILLUSTRATION 2/3d).



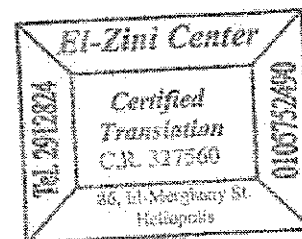
- c. Been proving increase in the share of the holding company in the fair value of assets and obligations for affiliates at the date of acquisition cost as negative fame. During 2000, change effect in policy consumption of negative reputation by reducing its consumption from 20 years to 10 years starting from January 1, 1999. Change of effect has been in the policy of negative reputation on the item of carried forward profits concerning 1999 for all affiliates and year consumption effect including income list for 2000.
- d. Regarding the reputation concerns company of Arab factory for iron (An affiliate), It was the impact of its share of opening carried forward profits of change policy consumption by reducing fame consumption from 20 years to 10 years like all affiliates adding that in 2000 ,were loaded the rest of fame balance fully concerns company of Arab Factory for iron charged to the main shareholders on item creditors – long term balances of financier of the assets that were purchased at the Holding Company for financial investments (L.K.H. GROUP).
- e. The subsidiaries of affiliates of the Holding Company at rates in excess of 50% accumulated on the same earlier grounds.

2/4 Storage

Evaluating store of raw materials, spare parts, supplies and assistant materials by cost using the method of imports, first distracted first, under operation production storage is evaluated by cost accordance with the percent of completion.

The completed production storage be evaluated by cost or by net worth, whichever is lower.

To be specialized of harmony and unsold storage included in the list of income and appear discounted from item of Circulation assets storage.



2/5 Long – term investments

The Long – term investments be proved by actual cost and the Book value of this investments be deduced in case of happening permanent value decline for each investment unit.

2/6 Fixed assets and it's destroying

Fixed assets be proved by historical cost and be destroyed by the way of fixed premium over the estimated production life of the asset for each asset unit, a statement in the following explains percent of used consumption:

| Fixed Assets | Destroy Percent |
|--------------------------------------|-----------------|
| Buildings and Constructions | 2.5-10% |
| Means of Transportation & Transition | 20-25% |
| Furniture and office equipment | 10-25% |
| Machines & Equipments | 5-10% |
| Devices & tools | 10-20% |

2-7 Other assets

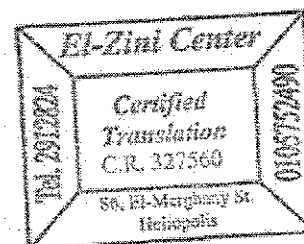
Other assets appear in the expenses of incorporation, as well as previous expenses to activity start and testing expenses prior to the start of operation during 2000 in accordance with the international standard No. (38), paragraph (6) which includes consumption of completely former capitalized expenses from previous years included in the income list.

2/8 Cash flow list

Cash flow list has been prepared by using the indirect method.

2/9 Clients- Long –term Balances

It has been proved totally Sales agents' term and interests due of sales term credits by other credit balances. Clients Item appear s in financial lists with deduction of amount of interests due besides net assets. Periodically, revenues be loaded of what concerns thee period from sales – term interests.



2/10 Taxes

Tax allotment is used to confront tax obligations on the bases of detailed study for every obligation according to natural of tax accounting in Egypt and the current rules, therefore.

When there is enough assurance that these assets will be achieved in near future.

3. Time deposits

Balance of time deposit reached in Dec 31, 2000 (155.016.865 Egyptian pound) as value of tied and frozen deposits in Cairo Bank, Tharwat Branch, (automatically renewed) of the Arab factory for iron Co. Compared to payment guarantee of issued bonds at (250.000.000 Egyptian pound) due payment in 29/9/2005 (explanation No. 19).

as in the following statement :

| Deposit No. | Link date | Due date | Interest Price | Amount of Deposit |
|-------------|------------|-----------|----------------|--------------------|
| 11651 | 21/12/2000 | 21/6/2001 | 11% | 21.153.516 |
| 11661 | 26/12/2000 | 26/6/2001 | 11% | 133.863.349 |
| | | | | 155.016.865 |

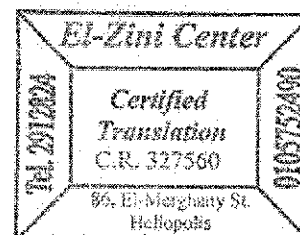
4. Clients- Long-term Balances

The balance of customers - Long term Balances in Dec 31, 2000 reached (307.121.543 Egyptian pound), concerns medical equipments that deserve collecting during more than one year.

Adding amount due during 2001 which value is 526.332.140 Egyptian pound. Where was included in the account of customer in balanced assets by item of debtors-short Term Balance (explanation No. 10).

5. Cash Securities

The balance of long-term securities in Dec 31, 2000 reached (191.720.000 Egyptian pound), which the value of due bills by Egypt Group for Steel . The premium due during the year of these bills, which hit 28.280.000 Egyptian pound was included in account



of cash papers of balanced assets in the item of Debtors- short term balances (Explanation No. 10).

6. Long -term Investments

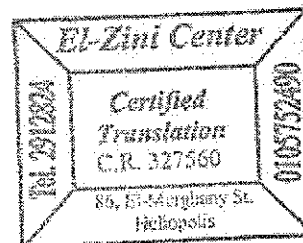
The balance of long term investments reached 619.086.833 Egyptian pound in Dec 31, 2000 as follow :

| | Investment percent | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|---|-----------------------|------------------------------|------------------------------|
| Swiss company for iron workings | 49% | 53.628.173 | 53.628.173 |
| The Arab factory for Steel production | 49% | 120.000.000 | 124.000.000 |
| International company for Production of pipes and modern filters (RIGU) | | 3.000.000 | 3.000.000 |
| Tanta X-Ray Center (Tanta scan) (S.A.E) | 10.8% | 541.160 | 541.160 |
| INCO Company (S.A.E) | 9% | 1.800.000 | 1.800.000 |
| Heliomedical Company | | - | 65.082.843 |
| Intermedica Company (S.A.E) | | 117.500 | - |
| Cleaner Factory | | - | 81.000.000 |
| Investments in medical equipments in north Africa, Middle East and Turkey | | 305.448.809 | 305.448.809 |
| Portfolio of Investments | | 134.551.191 | - |
| | | 619.086.833 | 634.500.985 |

During the year, investment cost of Heliomedical Company was excluded from the item of long-term investments, compared with the same item is included in 1999.

In order to defeat the purpose of this investment, to cancel and not to allow to economic conditions to continue in this investment.

During the year, investment in detergent factory was excluded from item of long-term investments in December 31, 1999, by cost of 81.000.000 Egyptian pound because of Industrial Investments,



Company owns the factory, managed and operated the factory from January 2000 after the completion of the specified term of rent in accordance with the normal rent.

Factory value has been included in the fixed assets according to the nature of the item at the industrial investments (affiliate). This illustration is more detailed in the financial statements of Industrial Investments Company in December 31, 2000.

7. Net fixed Assets

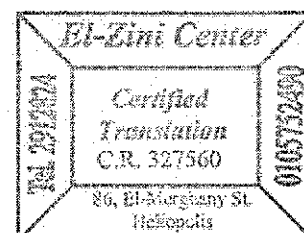
Net fixed Assets reached 370.504.607 Egyptian pound in Dec 31, 2000 as follow:

| | Costs on 31/12/2000 | Ruining compound 31/12/2000 | Net of folder amount 31/12/2000 | Net of folder amount 31/12/1999 |
|---|--------------------------------|--|--|--|
| Lands | 208.017.459 | - | 208.017.459 | 151.535.609 |
| Buildings & Constructions | 59.790.797 | 7.069.727 | 52.721.070 | 62.396.114 |
| Machines & Equipments | 103.757.523 | 18.709.773 | 85.047.750 | 205.924.861 |
| Devices & tools | 1.797.788 | 715.133 | 1.082.655 | 1.985.777 |
| Furniture and office equipment | 7.926.082 | 3.296.180 | 4.629.902 | 6.495.202 |
| Means of Transportation & Transition | 42.075.130 | 23.069.359 | 19.005.771 | 43.304.129 |
| | 423.364.779 | 52.860.172 | 370.504.607 | 471.641.692 |

The item of lands includes (92.104.380 Egyptian pound) as cost of lands added during 2000 to the holding company of Financial Investments (L.K.H. Group) by primary sale contracts.

Funding was purchased from the company's main shareholders and included in the item of (debtors-long term balances) of the mentioned company .

legal action is going in accordance with law rules 159/1981 and 95/1992 law concerning evaluation of real quotas.

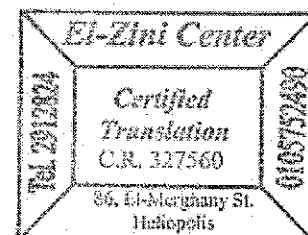


8. Reputation

Reputation value reached 50.312.975 Egyptian pound in Dec 31, 2000 - after negative reputation deduction- resulted in purchasing group of affiliates of the holding company of Financial Investments (L.K.H. Group) as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|--|------------------------------|------------------------------|
| Company of the Arab factory for iron | 202.338.200 | 202.338.200 |
| Consuming Industries Company | 32.734 | 32.734 |
| Amitrade for Trading and Contracting company | (6.269.546) | (6.269.546) |
| QUIST consult commercial company | (5.812.737) | (5.812.737) |
| Industrial Investments company | 28.595 | 28.595 |
| Medical centers' management Co. | (1.587.193) | (1.587.193) |
| Trading Medical System Egypt Company | 23.626.136 | 23.626.136 |
| Medikeep for Trading and Contracting Company | 52.874.480 | 52.874.480 |
| | 265.230.669 | 265.230.669 |
| Collected Consumption | (214.916.694) | (214.916.694) |
| | 50.313.975 | 251.969.136 |

The fame consumption policy has been changed by decreasing its consumption from 20 years to 10 years, beginning on Jan 1st, 1999. The change of the fame consumption policy has affected the provision of the transferred profits concerning the year 1999 with an amount of 13.261.534 Egyptian pounds for the whole subsidiary companies and the year consumption effect included in the consumption and depreciation provision contained in the income statement for the year 2000 (clarification no. 21) except the fame consumption of the Arab Factory for Steel (one of the subsidiary



companies), where as the fame balance remainder was charged completely, and its balance is 182.104.380 Egyptian pounds, with a deduction from the main shareholders account, included in the provision of creditors – long term balances, funding the assets which were purchased by the holding company for financial investments (L.K.H. Group) (Clarification 2-3).

9. Cash & what including

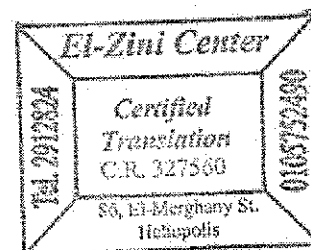
Cash balance and what including reached 15.161.459 Egyptian pound in Dec 31, as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------|------------------------------|------------------------------|
| Banks – Current Account | 10.621.509 | 84.260.473 |
| Cash Balance | 2.583.533 | 1.202.724 |
| Bank Deposits | 1.956.417 | 12.945.824 |
| | 15.161.459 | 98.409.021 |

10. Debtors- Net Short Term Balances

Debtors balance - Net Short Term Balances – reached (836.028.640 Egyptian pound) in Dec 31, 2000 as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------------|------------------------------|------------------------------|
| Cash papers | 36.053.768 | 22.565.874 |
| Documentary Credits | 23.371.486 | 4.280.000 |
| Clients | 526.332.140 | 401.139.243 |
| Pre-paid taxes- Tax Authority | 13.466.367 | 8.456.487 |
| Advanced pre-paid expenses | 15.242.009 | 26.025.087 |
| Other insurance | 15.085.440 | 26.767.501 |
| Custom Authority | - | 11.172.312 |



| | | |
|---|----------------------|---------------------|
| Prepaid –cash to purchase fixes assets | 3.444.527 | 7.624.266 |
| Midwest Air Company | 45.000.000 | - |
| Sales taxes- Tax Authority | 20.825.078 | 6.063.262 |
| Cover of guarantee letter | 28.682.839 | 30.856.380 |
| Accrued revenues | - | 16.170.788 |
| debtor balances-suppliers & contractors | 101.387.405 | 121.994.499 |
| Accrued investments revenues | 20.710.515 | 63.670.515 |
| Under payment cheque | 6.727.375 | 15.000.000 |
| Other credit balances | 182.068.653 | 101.640.857 |
| | 1.038.397.602 | 863.427.071 |
| Discounted : Allotment of doubtful debt's collection | (202.368.962) | (13.400.050) |
| | 836.028.640 | 850.027.021 |

The affiliates enhanced allotment of doubtful debt's collection during the period (Jan 1, 2000 till Dec 31, 2000) paying (188.968.912 Egyptian pound) to confront doubtful debt's collection from clients & debtors-short term balances according to detailed study that the companies has prepared to ensure allotment sufficient to confront doubtful debts ; statement of allotments flow in the following :

| Statement | Value |
|---------------------------|--------------------|
| First period balance | 13.400.050 |
| Component during the year | 188.968.912 |
| | 202.368.962 |



11. Net Storage

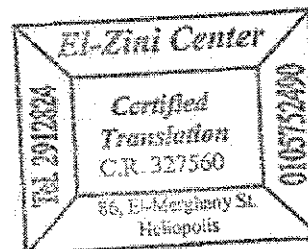
Balance of net storage reached (533.179.929 Egyptian pound) in Dec 31, 2000 as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|--|--|--|
| Raw materials | 80.025.819 | 140.600.180 |
| Assistant materials | 11.034.379 | 3.002.352 |
| Spare parts | 113.157.773 | 103.429.408 |
| Packaging materials | 1.649.749 | 9.653.471 |
| Production under packaging | 1.770.015 | 1.294.247 |
| Medical equipments | 301.383.338 | 53.641.817 |
| Goods on the way | 49.809.272 | 56.570.194 |
| Complete production | 5.349.584 | 62.543.985 |
| | 564.179.929 | 430.734.654 |
| Discounted : Stagnant & Ruined stored allotment | (31.000.000) | - |
| | 533.179.929 | 430.734.654 |

12. Creditor Banks

Creditor banks balance reached (70.323.661 Egyptian pound) in Dec 31, 2000 as follows :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|-------------------------|--|--|
| Banks- Current accounts | 56.975.669 | 227.456.392 |
| Monetary Fund | 13.347.992 | 11.193.705 |
| Banks Deposits | | |
| | 70.323.661 | 238.650.097 |



It has Been re-tabulation balances creditor debts owed by the companies which is more than 15 million Le included in item of the long-term loans by long-term Obligations according to principles of method restructure of the holding company of Financial Investments (L.K.H. Group) With creditor banks, that dated in Oct 8, 2000 (Explanation No. 10).

13. Creditors – short term balances

Creditors – short term balances reached (125.527.714 Egyptian pound) in Dec 31, 2000 as follow :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|----------------|------------------------------|------------------------------|
| Payment papers | 108.594.794 | 4.199.266 |
| Debtors | 9.519.875 | 12.609.987 |
| Suppliers | 7.413.045 | 22.205.404 |
| | 125.527.714 | 39.014.657 |

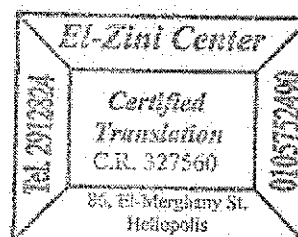
14. Other credit balances

Other credit balances reached (41.135.000 Egyptian pound) in Dec 31, 2000 as follows :

| | 31/12/2000 Egyptian pound | 31/12/1999 Egyptian pound |
|------------------------|------------------------------|------------------------------|
| Interests of due bills | 37.375.000 | 37.375.000 |
| Other | 3.760.000 | - |
| | 41.135.000 | 37.375.000 |

15. Allowances

The allowances credit in 31 December 2000 reached the amount 22.134.102 Egyptian pound to cover the taxes commitment on the profit of the related companies and any other taxes commitment and a settlement was done with the taxes authority concerning the due taxes on the related companies according to the time schedule agreed upon with the taxes authority and it was obliged with this settlement



through issuing check according to the settlement and it is pay in its due date regularly, and these checks was inserted in the item of payment papers in the financial lists in 31 December 2000.

16. Capital

Allowed capital reached (5 milliard Egyptian pound) and issued, subscribed in and paid capital reached (1.499.880.000 Egyptian pound) divided on (149.988.000 share) namely value reached 10 Egyptian pound per share, distributed as follows :

| | % | Number of shares | Value Egyptian pound |
|----------------------------------|-------------|--------------------|----------------------|
| A. Founders | | | |
| Mr. Ramy Remone Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. Micheal Remone Lakah | 0.0007% | 1.000 | 10.000 |
| Mr. Farouk Abd El-Sameia | 0.0003% | 500 | 5.000 |
| B. Subscribers | | | |
| Mr. Ramy Remone Lakah | 32.7262% | 49.085.376 | 490.853.760 |
| Mr. Micheal Remone Lakah | 25.0126% | 37.515.950 | 375.159.500 |
| New York Bank | 16.3218% | 24.480.695 | 244.806.950 |
| Cairo Bank | 7.6165% | 1.142.3800 | 114.238.000 |
| Nomura International PLC | 0.3937% | 590.542 | 5.905.420 |
| Nomura Nominees LTD | 0.2300% | 345.002 | 3.450.020 |
| James Capeland Co. | 0.2073% | 310.950 | 3.109.500 |
| Kleinwort Benson securities Lim. | 0.1453% | 218.000 | 2.180.000 |
| Others | 17.3448% | 26.015.185 | 260.151.850 |
| | 100% | 149.988.000 | 1.499.880.000 |

